

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 OES-03 AGR-05

FEA-01 ACDA-05 IO-10 NRC-05 ERDE-00 DOTE-00 HUD-01

SAB-01 SAM-01 MC-02 /129 W
----- 072003

R 251824Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1663

INFO AMEMBASSY JIDDA

AMEMBASSY CAIRO

AMEMBASSY TEL AVIV

AMEMBASSY DAMASCUS

AMEMBASSY AMMAN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY BEIRUT

AMEMBASSY ABU DHABI

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 19419

E.O. 11652: GDS

TAGS: PFOR, FR, SA

SUBJECT: PRINCE FAHD VISIT TO PARIS

SUMMARY: THE FRENCH GAVE FAHD THE ROYAL TREATMENT AND
SIGNED AN ECONOMIC COOPERATION FRAMEWORK AGREEMENT WITH
THE SAUDIS. THE FRENCH MAY BE RECIPIENTS OF A LARGE
SAUDI ADVANCE PAYMENT OR LOAN. THE QUAI UNDERLINES THE
POLITICAL IMPORTANCE OF THE VISIT, ESPECIALLY AS AN
ELEMENT IN FAHD'S IMAGE-BUILDING. RESULTS OF OIL AND
MILITARY TALKS ARE NOT YET CLEAR. INTERNATIONAL
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POLITICAL DISCUSSIONS WERE APPARENTLY NOT EXTENSIVE.

INITIALLY, WE THINK THERE IS LESS HERE THAN MEETS THE EYE, BUT WE SHALL KEEP LOOKING, ESPECIALLY FOR POSSIBLE NEW ARRANGEMENTS IN THE MILITARY FIELD. END SUMMARY

1. THE FRENCH ACCORDED PRINCE FAHD TREATMENT ALMOST EQUAL TO THAT RESERVED FOR HEADS OF STATE DURING HIS JULY 21-24 VISIT TO PARIS. AS A FINAL TOUCH, GISCARD UNEXPECTEDLY ATTENDED THE CLOSING LUNCHEON, GIVEN BY FAHD FOR PM CHIRAC. THE PARIS PRESS GAVE GOOD COVERAGE TO FAHD'S SOJOURN, EMPHASIZING ITS ECONOMIC ASPECTS.

2. WE ARE STILL UNCERTAIN AS TO WHAT ACTUALLY WAS ACCOMPLISHED. AN ECONOMIC COOPERATION FRAMEWORK AGREEMENT WAS SIGNED COVERING THE FIELDS OF ECONOMICS, FINANCE, INDUSTRY, ENERGY, AGRICULTURE, SCIENCE AND TECHNOLOGY. A FRANCO-SAUDI JOINT COMMISSION HEADED BY THE RESPECTIVE FOREIGN MINISTERS IS TO BE ESTABLISHED AND WILL DEFINE THE MODALITIES OF COOPERATION BETWEEN FIRMS OF THE TWO COUNTRIES AND BETWEEN THEIR SPECIALIZED ECONOMIC DEVELOPMENT ORGANIZATIONS. THE PEACEFUL USE OF NUCLEAR ENERGY IS COVERED BY THE ACCORD. NO FIGURES OR OTHER DETAILS ON SPECIFIC PROJECTS WERE ANNOUNCED, HOWEVER.

3. A SEPARATE AGREEMENT ON A SAUDI ADVANCE, PRE-PAYMENT OR LOAN WAS ALSO APPARENTLY NEGOTIATED. QUAI DEPUTY DIRECTOR FOR THE ME SERVANT DESCRIBED IT TO EMBOFF JULY 24 AS BEING AN "ADVANCE OR PRE-INVESTMENT DEPOSIT" OF 5 BILLION FRANCS FOR SAUDI INVESTMENT IN FRANCE, THE DETAILS ON THE TRANSFER AND UTILIZATION OF WHICH ARE STILL TO BE WORKED OUT. INSISTING THAT THE TERM "LOAN" IS INACCURATE, SERVANT SAID "FRANCE DOESN'T NEED TO BORROW MONEY FROM THE SAUDIS". AT THE SAME MOMENT, FINMIN FOURCADE WAS TELLING THE PRESS A SIX TO EIGHT BILLION FRANC LOAN FOR BETWEEN SEVEN AND TEN YEARS", HAD BEEN CONCLUDED.

4. IN DISCUSSION WITH EMBOFF, SERVANT STRESSED THE VERY GOOD ATMOSPHERE OF THE VISIT AND ITS BASICALLY "POLITICAL" CHARACTER, ESPECIALLY ON THE SAUDI SIDE. FAHD, ACCORDING TO SERVANT, IS TRYING TO CREATE AN INTERNATIONAL IMAGE IN PREPARATION FOR THE DAY WHEN HE WILL REPLACE

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AILING KING KHALED. FAHD ALSO WISHES TO MAKE AN OPENING TO EUROPE; FRANCE WAS CHOSEN FOR THE INITIAL OF SEVERAL VISITS BECAUSE OF ITS POSITION IN EUROPE AND ITS ATTITUDE TOWARDS THE ARAB-ISRAELI DISPUTE. SERVANT DECRIED PRESS EMPHASIS ON THE RELATIVELY UNIMPORTANT ECONOMIC, OVER THE IMPORTANT POLITICAL SIDE OF FAHD'S VISIT.

5. ON THE FRAMEWORK ACCORD, SERVANT INDICATED THAT IT

WAS INTENDED TO REENFORCE AND EXTEND BILATERAL COOPERATION. SEPARATE AGREEMENTS ON SPECIFIC PROJECTS (DESALTING, NUCLEAR PLANTS, LOW-COST HOUSING, RAILWAYS) WILL FOLLOW. THE TWO COUNTRIES WILL EXCHANGE TECHNICAL MISSIONS TO INSPECT THE POSSIBILITIES FOR COOPERATION IN EVERY DOMAIN COVERED BY THE ACCORD.

6. OIL WAS DISCUSSED BUT SERVANT SAID HE DID NOT KNOW WHAT FIGURES HAD BEEN DECIDED UPON. MOREOVER, HE STATED, THE FRENCH FEEL OBLIGED IN ANY CASE TO INFORM THEIR EC PARTNERS BEFORE THE U.S. ABOUT OIL DISCUSSIONS.

7. SERVANT ACKNOWLEDGED THAT THE SAUDIS HAD BEEN SHOWN SOME MILITARY HARDWARE. HE SAID THAT MILITARY CONVERSA-

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SAM-01 MC-02 FEA-01 ERDA-05 CEA-01 FPC-01 INT-05

STR-04 /145 W

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R 251824Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1664

INFO AMEMBASSY JIDDA

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C O N F I D E N T I A L SECTION 02 OF 02 PARIS 19419

TIONS HAD BEEN "USEFUL" BUT PROFESSED IGNORANCE OF THE RESULTS. HE THOUGHT IT WOULD BE SEVERAL DAYS, IF EVER, BEFORE THE QUAI WOULD BE INFORMED FULLY ABOUT FAHD'S TALKS WITH GISCARD AND CHIRAC.

8. SERVANT TOUCHED BRIEFLY ON POLITICAL EXCHANGES, NOTING THAT THE FINAL COMMUNIQUE WAS DRAFTED BY THE CONFIDENTIAL

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SAUDIS AND REQUIRED FEW CHANGES (MAINLY TONING DOWN OF LANGUAGE) BY THE FRENCH. HE SAID TALKS ON THE ME "DIDN'T GO VERY FAR", THERE BEING GENERAL AGREEMENT BETWEEN THE TWO SIDES. HE THOUGHT, BUT WAS UNCERTAIN, THAT JERUSALEM WAS NOT MENTIONED. THE SAUDIS EXPRESSED ENTHUSIASM FOR A RENEWED CONSUMER/PRODUCER DIALOGUE AND FOR THE ON-GOING EURO-ARAB DIALOGUE, SERVANT SAID. FINALLY, HE SAID THAT PM CHIRAC WILL VISIT SAUDI ARABIA IN LATE 1975 OR EARLY 1976.

9. COMMENT: WE SHALL TRY TO FERRET OUT THE FACTS ABOUT THE SAUDI "LOAN" AND OTHER UNDERSTANDINGS THAT MAY HAVE BEEN REACHED, PARTICULARLY IN THE MILITARY FIELD. JOURNALISTS SPECULATE THAT FRENCH SUPPORT OF AN ARAB ARMAMENTS INDUSTRY WAS DISCUSSED AND THAT THE SAUDI "LOAN" MAY BE FOR THAT PURPOSE. OUR INITIAL IMPRESSION IS THAT THERE IS LESS HERE THAN MEETS THE EYE, BUT WE SHALL DIG TO FIND OUT. IN ANY CASE, THE VISIT IS ANOTHER STAGE, AND AN IMPORTANT ONE, IN THE CONTINUING FRENCH EFFORT TO STRENGTHEN TIES WITH ME OIL PRODUCERS -- TIES THEY VIEW AS IMPORTANT BOTH TO INSURE OIL IMPORTS AND MARKETS AND TO ALLOW FRANCE TO PLAY THE ROLE TO WHICH IT ASPIRES IN THE REGION.
GAMMON

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